



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 9, 1998

H.R. 2883 **Government Performance and Results Act** **Technical Amendments of 1998**

*As ordered reported by the House Committee on Government Reform and Oversight
on March 5, 1998*

SUMMARY

H.R. 2883 would make several amendments to the Government Performance and Results Act of 1993 (GPRA), which generally requires agencies to define their missions and to measure the performance of their activities in fulfilling those missions. Specifically, the bill would require agencies to: (1) link strategic plans to specific statutory and legal authorities; (2) include additional information in their strategic plans; (3) revise and resubmit the plans by September 30, 1998; and for cabinet-level agencies, (4) submit both a comprehensive strategic plan and separate plans for major agency programs and responsibilities. Additionally, the bill would require the Office of Management and Budget (OMB) to submit an integrated, government-wide performance report by March 31, 2000. The bill also would require inspectors general to evaluate agency performance plans. Finally, the bill would require that agencies include all costs to the federal government in estimating the performance of program activities.

Much of H.R. 2883 would codify current practice. However, for at least a few agencies, enacting H.R. 2883 would initially increase, perhaps substantially, the costs of implementing GPRA. In the time available, CBO has not been able to estimate the amount of such costs because, by design, GPRA is an iterative, evolving process involving the agency, OMB, and the Congress, and it is very difficult to predict the outcome of such a process for each agency. Additionally, to the extent that such changes improve the quality of the strategic and performance plans developed by agencies, H.R. 2883 could save money over time by leading to more effective management of government agencies. Any effect on spending would be discretionary and subject to appropriation action.

Because the bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply. H.R. 2883 contains no intergovernmental or private-sector mandates as

defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Parts of H.R. 2883 would codify current practice. For instance, the bill would require that agencies link their strategic plans to specific statutory and legal authorities. According to the General Accounting Office (GAO), which extensively reviewed the strategic plans submitted last fall by the 24 agencies covered by the Chief Financial Officers Act, most agencies already include such information.

The bill also would require that agencies include additional descriptive information with their strategic plans, including identifying functions and activities that are also performed by other agencies, describing major management problems, and assessing the adequacy and reliability of information and accounting systems for implementing GPRA. Again, according to GAO, most agencies already submit much of this information.

Finally, the bill would require that agencies include the full costs to the federal government in estimating the performance of program activities. The Federal Accounting Standards Advisory Board (FASAB) already requires that agencies include all costs in their annual financial reports, but it is unclear whether all agencies comply with that requirement.

Other parts of H.R. 2883 would represent new requirements. The extent of any additional costs would vary, and several provisions could increase costs significantly. For instance, the bill would require that agencies revise and resubmit their strategic plans by the end of this fiscal year. Under current law, agencies do not need to submit a new plan until the end of fiscal year 2000, although they can submit revised plans sooner. The amount of any additional costs would depend on the extent to which agencies revise their initial plans as a result of consulting with the Congress, the Administration, and other stakeholders. Because GPRA is naturally such an iterative process, it is difficult to estimate how much additional time and effort would be consumed if many agencies were required to resubmit plans formally rather than simply making changes informally as a result of internal reassessments or consultations with the Congress and OMB.

For cabinet-level agencies, the bill would require that such agencies submit strategic plans for its major components in addition to its department-wide plans. According to GAO, several agencies, such as the Departments of Agriculture, Treasury, and Labor, already have submitted separate plans for major organizational components, while other agencies have submitted portions of component plans. In these cases, CBO expects the additional costs

would not be significant. For other agencies, such as the Departments of Defense, Health and Human Services, and Commerce, which submitted single, integrated plans, the additional costs could be substantial if they were unable to split their integrated plans into separate, component pieces, and instead had to develop entirely new plans for their component entities. Because CBO has not had enough time to obtain information from these agencies, we cannot estimate the amount of such potential costs.

The bill also would require the inspector general (IG) at each agency to review and report on the implementation of the agency's strategic and performance plans. Again, because GPRA is a fundamental part of most agency budgeting systems, CBO expects that agency IGs already are involved under GPRA. However, because it would require that agency IGs report on their findings and because it could broaden the scope of such efforts, H.R. 2883 would increase such costs. CBO currently has no basis for estimating the amount of these additional costs.

Finally, the bill would require that OMB submit an integrated performance report for the federal government by March 31, 2000. As required by law, OMB included an integrated performance plan as part of the Administration's budget for fiscal year 1999. In future years, OMB could include a report on the government's performance under the previous year's plan within the annual budget. Under that scenario, CBO expects that any additional costs would not be significant.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2883 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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